

DiSa Digital Safety Pte Ltd Smart Solutions

23rd April 2019



DiSa Digital Safety Smart Solutions
Honored by RILA, 2017 (R)Tech Asset
Protection Innovation Award

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Created a revolutionary digital asset protection technology for the retail industry

- **June 2016:**
 - Awarded the annual Leadership Award & recognised as industry leader for the future of Retail Asset Protection by the Loss Prevention Research Council (LPRC) in USA.
 - Set global standard for creation & identification of DiSa PoSA enabled retail products
- **April 2017:**
 - Honoured by Retail Industry Leaders Association (RILA) in USA as the first place winner of the 2017 (R) Tech-Asset Protection: Innovation Awards



- **The Genesis of DiSa**
- **How DiSa works to eliminate:**
 - Retail Theft
 - Return Fraud
- **Present status and future developments**



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Genesis of DiSa

**Every Successful Technology Company
starts with an **idea****

Genesis of DiSa

Every Successful Technology Company starts with an **idea**

- **Problem:** Retail theft of electronic goods
- **Idea:** To eradicate retail theft through **denying** shoplifters the benefit of stealing.
ie, you can steal but you cannot use, therefore no point stealing the item.

Genesis of DiSa

The idea has become a reality:

Point-of-Sale Activation (PoSA)

Anti-theft technology that makes
electronic devices

non-functional until they are purchased

How PoSA Works

Concept: At point of manufacture, Suppliers configure devices based on DiSa technology, such that they are ***digitally locked & rendered useless*** until a password is entered to activate them.

1. **Suppliers:** Download unique serial codes for each of their products from the DiSa portal.

2. **Suppliers:** Print the unique serial codes in the form of barcode stickers. (3S Smart Barcode)



3. **Suppliers:** Paste the 3S Smart Barcode on the respective Product Packaging.

The 3S Smart Barcode is the product digital fingerprint.



How PoSA Works

4. **Retailers:** Scan the 3S Smart Barcodes to generate a unique **activation code** that will be printed on the sales receipt, at point of sale.

5. **Consumers:** Enter activation code to **digitally unlock** the product for it to function, when turning on the device for the first time.





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How PoSA Works



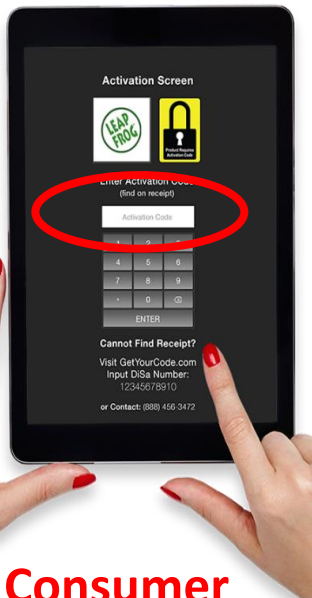
Supplier



Retailer



Retailer & Consumer

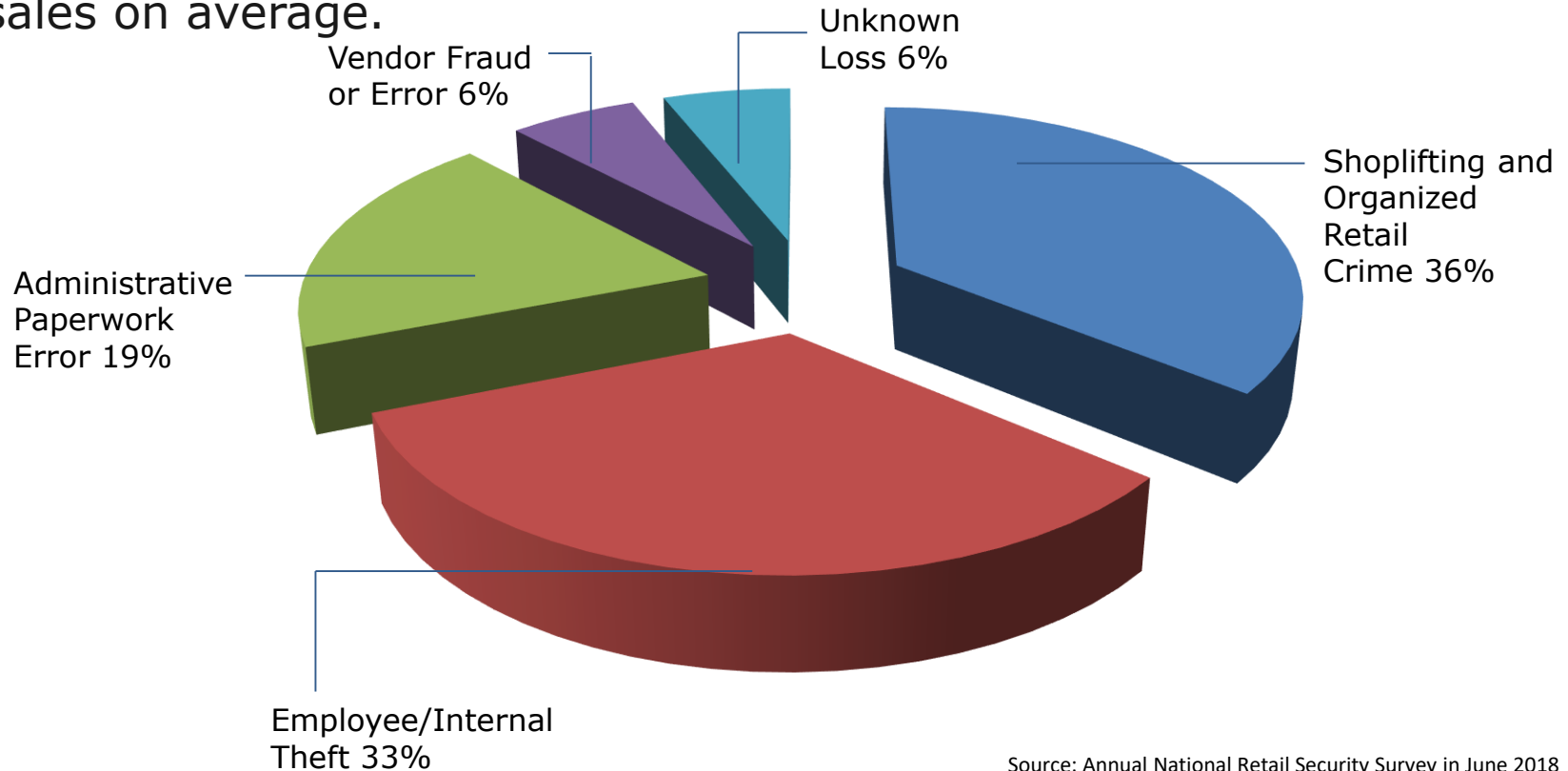


Consumer

- Digitally locked at source, digitally enabled at purchase, digitally activated at first use.
- Tripartite security ecosystem
Supplier – Retailer – Consumer
- Prevents theft from manufacture to sale

Extent of Retail Theft in US

Retail inventory shrink was **\$47 BILLION** in 2017 or 1.3% of sales on average.



Source: Annual National Retail Security Survey in June 2018



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May 2017:

First Retailer on board PoSA

1. US's largest retailer adopted PoSA since May 2017 to mitigate retail theft of electronic goods.
2. Implemented in 5,000 stores
3. Some of the PoSA-enabled electronic products:
 - Tablets: Samsung, Lenovo, RCA
 - GPS/Personal Navigation Devices: Magellan, Rand McNally
 - Cameras



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Extending Beyond PoSA...

From eliminating retail theft

to

Return Fraud Prevention



What is Return Fraud?

- Defrauding a retail store via the return process
- Examples:
 - Return merchandise stolen by customers or employees for cash refund
 - Return merchandise using stolen or falsified receipts
 - Return merchandise beyond the return date
- Very rampant in USA

Return Fraud Prevention

Concept:

- Every single item is given an identity.
- At point of sale, the identity of the item(s) sold will be captured.
- This process allows unpurchased item(s) to be identified.
- Any attempt to return the unpurchased item(s) can be stopped.

1. Suppliers: Download unique serial codes for each of their products from the DiSa portal.

2. Suppliers: Print the unique serial codes in the form of barcode stickers. (3S Smart Barcodes)



Return Fraud Prevention

3. Suppliers: Paste the 3S Smart Barcodes on the Product Packaging.

The 3S Smart Barcode is the product's digital fingerprint.



4. Retailers: At point of sale, scan 3S Smart Barcode(s).

5. Retailers: At point when items are returned, scan 3S Smart Barcode(s).
Retailers will immediately know whether the item(s) has actually been sold in the first place.
Fraudulent return(s) will be stopped.

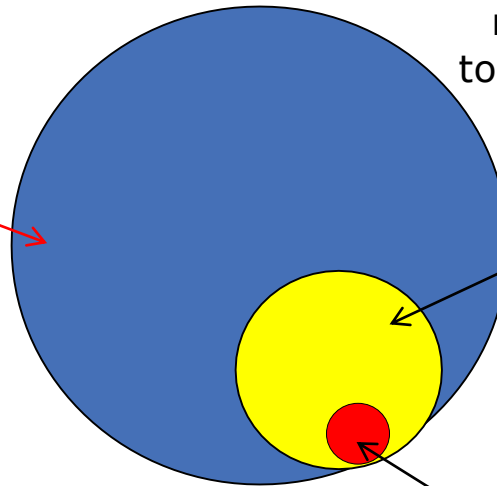
Annual US Merchandise Returns and Return Fraud

US retail industry sales
\$3,513 BILLION



Amount of merchandise returned as a percent of total sales ~10% (median)

\$351 BILLION



Estimated amount of return fraud and abuse as a percent of total returns
11.5% (median)

\$40 BILLION



PoSA vs 3S Smart Barcodes

| | Point-of-Sale-Activation (PoSA) (Comes with 3S Smart Barcodes on packaging) | 3S Smart Barcodes |
|----------------------------|---|------------------------------|
| Applicable Products | Only electronic items | All types of items |
| Functions | <ol style="list-style-type: none">1. Eliminates retail theft2. Prevents return fraud | Prevents return fraud |



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Retail Theft & Return Fraud: Crystallising the Losses

| | Cost Price | Retail Price | Profit | Loss from Retail Theft (= Cost price) | Loss from Return Fraud (= Retail price – Cost Price) |
|---------------|-------------------|---------------------|---------------|--|---|
| Item A | \$100 | \$180 | \$80 | \$100 | \$80 |
| Item B | \$100 | \$220 | \$120 | \$100 | \$120 |



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DiSa solutions extends from electronic to non-electronic goods

Electronic Goods

Retail Theft & Return Fraud
(POSA & 3S Smart Barcodes)



Non-Electronic Goods

Return Fraud
(3S Smart Barcodes)





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Samples of DiSa-enabled electronic & non-electronic goods



From non-perishable to perishable items: Using DiSa solution to improve food safety

- Digitally track individual bunch of bananas from “**Farm to Table**”.
- Reduce spoilage
- Block sale of recalled bananas at register



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Product launch is expected within the next few months

New growth area: DiSa pioneers Cyber Theft Warranty Programme



Left: Willis Sim, M1's Chief Corporate Sales and Solutions Officer

- First-of-its-kind warranty programme against cyber hacking of mobile phones' e-wallets
- M1 is the first telco offering cyber theft warranty to its mobile phone subscribers



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Q: How does DiSa make money?

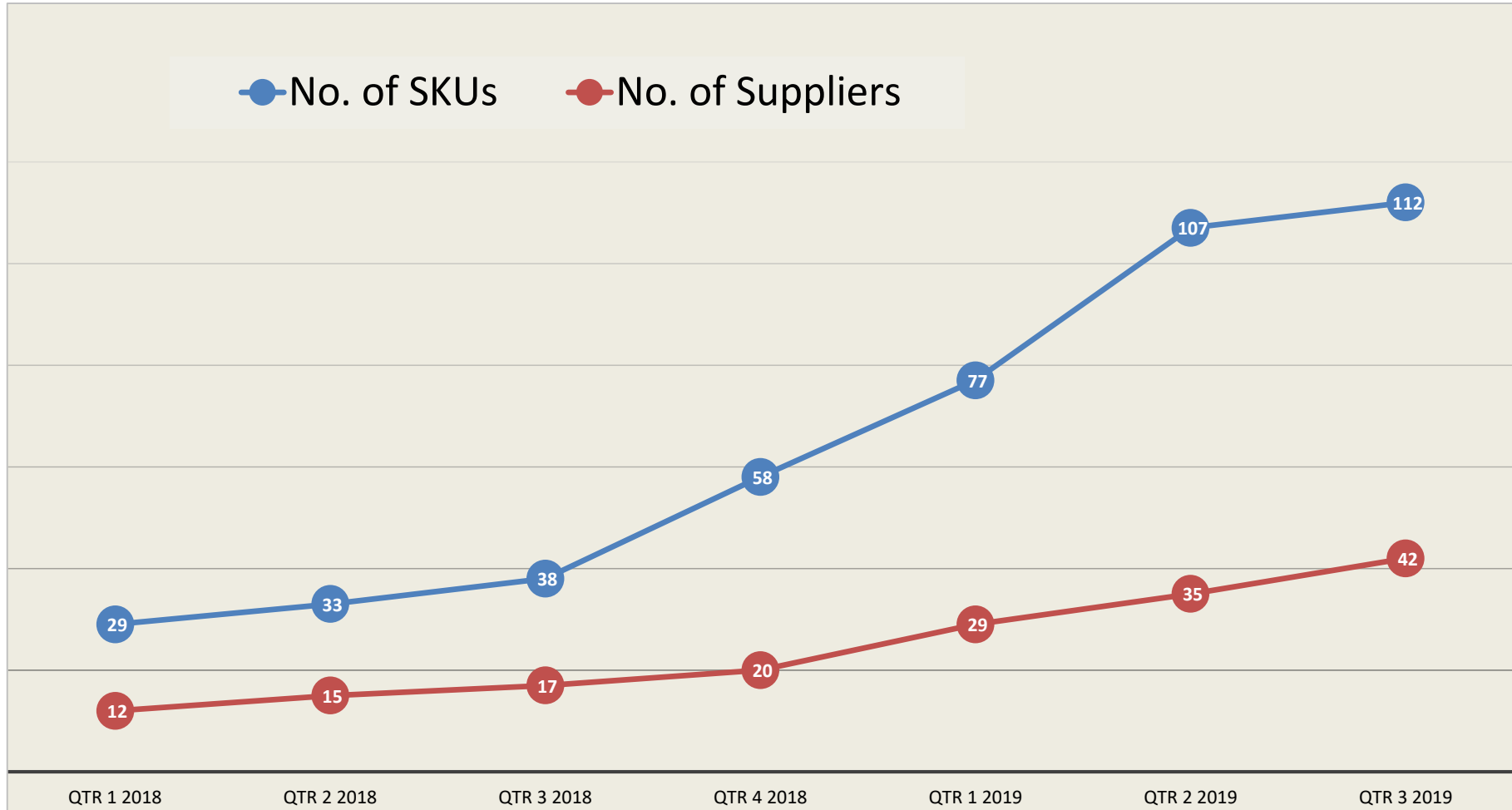
A: DiSa sells codes.





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To-date: 6.6 Million Codes Sold



SKU – Stock keeping unit. Each distinct item of the product category is issued a SKU



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Sale of Codes: YTD 9 months' Revenue Up 59.7% compared to previous full FY2018

- Year-to-date 9 months' code sales already 22.4% above full 12 months (financial year ended 30 June 2018)



The Group will be releasing the detailed Q3 FY2019 results of the Group on or before 15 May 2019.



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Why DiSa's Digital Asset Protection Technology Will Succeed

1. Scalable online platform:

Minimal incremental cost to scale up

2. Sustainable growth:

Every newly manufactured product needs a new code

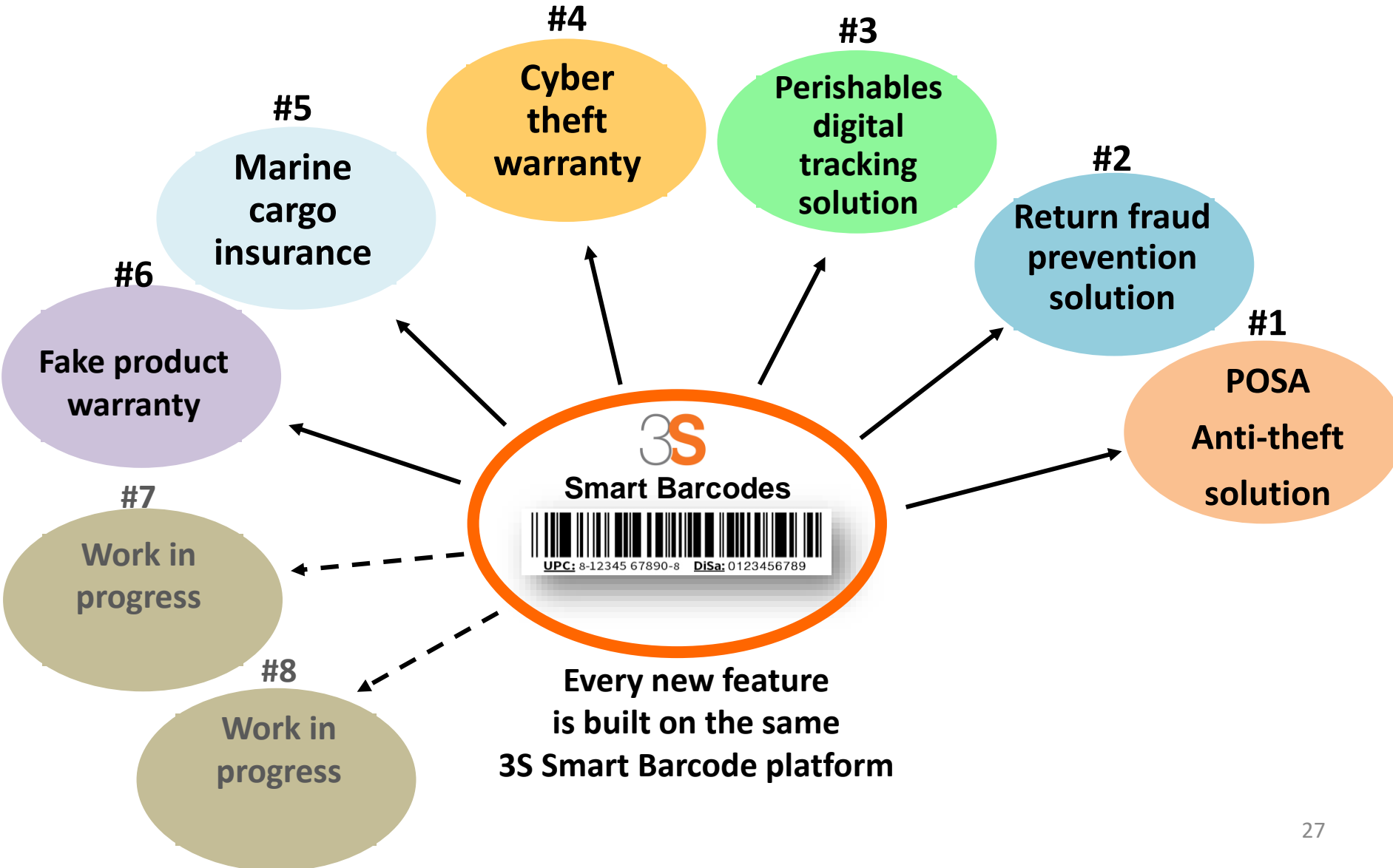
3. High Barriers to Entry:

Tripartite security ecosystem: Suppliers, retailers and consumers



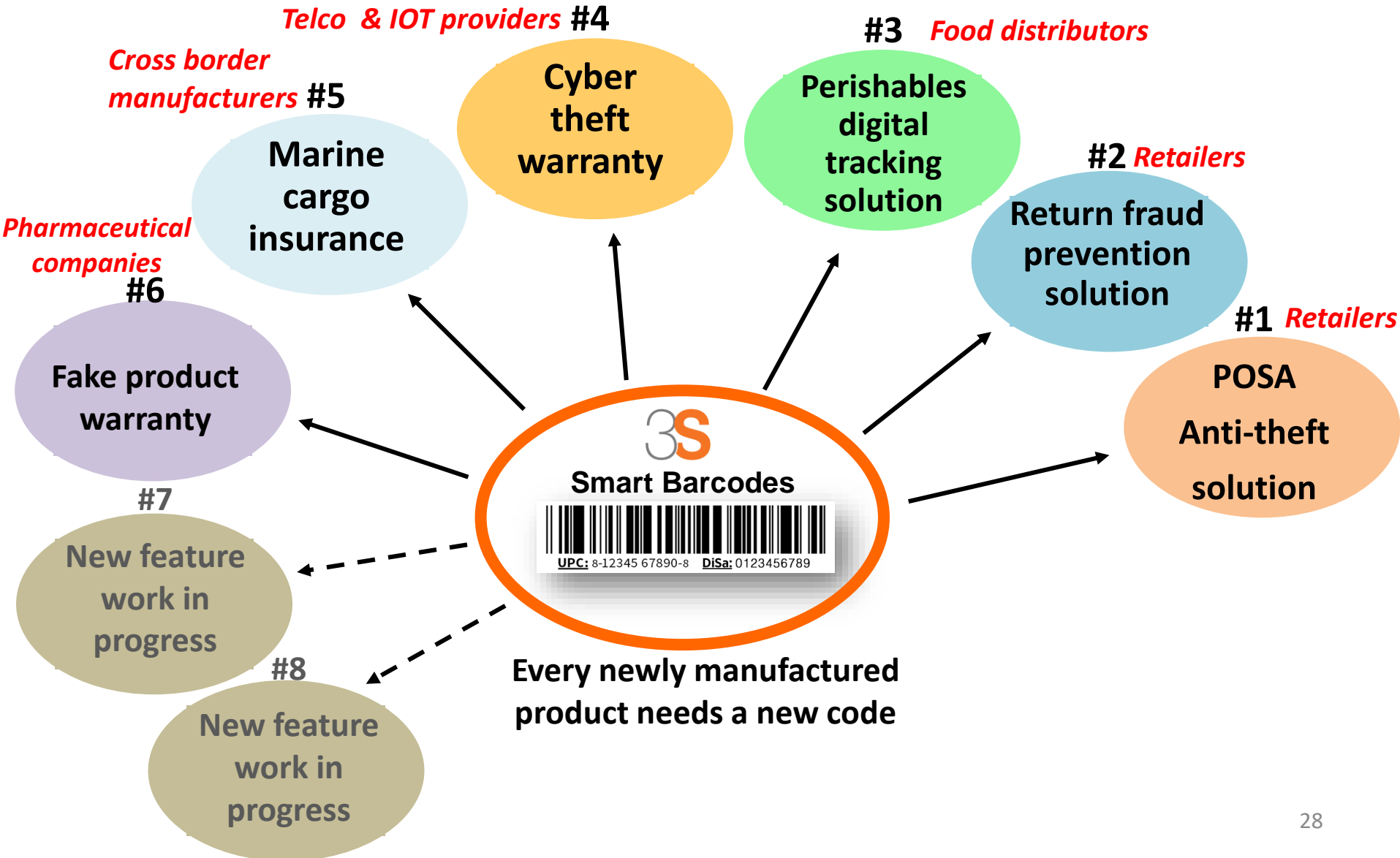
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Scalable Technology Platform: Minimal incremental cost to scale up



Every new feature is built on the same 3S Smart Barcode platform

Sustainable Growth





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The Future

1. Core Business:

- Expanding product range with current US retailer
- Securing more retailers in US
- Implementing PoSA in other countries



POS Activation
Complete Benefit Denial

2. Scale DiSa's technology platform

- Continuously add value to retailers, suppliers, manufacturers and consumers.





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This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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